ARTICLE APPEARED ON PAGE 43 THE NEW YORK TIMES 13 December 1976

U.S. Intelligence Officials Apprehen

Shake-Ups Under Cart

By DAVID BINDER
Special to The New York Times

WASHINGTON, Dec. 12—United States intelligence officials, who say they have largely recovered from the demoralizing shocks of Congressional investigation and disclosure of past misdeeds, are facing the accession of President-elect Jimmy Carter with apprehension about the possibility of new organizational shakeups.

The consensus of William E. Colby, former Director of Central Intelligence, his successor, George Bush, and other top-ranking United States intelligence officials interviewed in the last two weeks is that there have been enough changes recently.

They note that the Central Intelligence Agency, under Mr. Carter, will be getting its fifth director in less than five years, that the Defense Intelligence Agency is operating under its third director in the same period and that both agencies have just undergone major reorganizations and personnel cutbacks.

Turnover Called Disruptive

"The turnover has been disruptive," said a National Security Council official who has had extensive experience in the intelligence service—a sentiment widely shared in the field.

The professionals point out, for example, that James R. Schlesinger dismissed 2,000 C.I.A. employees in his nine-month term of office in 1972 and made sharp structural reforms.

Upon succeeding Mr. Schlesinger, Mr. Colby was forced to devote the bulk of his two-year term to appearances on Capitol Hill to testify about the agency's past covert operations, including assassination plots and mail openings. Just as the hearings drew to a close, Mr. Colby was replaced by Mr. Bush.

Each man brought his own men into the top echelons. "We are resilient," a long-time agency officer commented. "But nobody can go through all that without some damage."

Still, there are strong signs that the new President may do just as feared: shake up the 40,000 men and women who constitute the core of the intelligence community.

Separation of Job Proposed

Foremost is a proposal that Mr. Carter separate the job of Director of Central Intelligence from that of the director of the C.I.A., a dual function that dates to the inception of the Agency in 1948.

Under the proposal, the director of the intelligence community—a policy-making official—would be unburdened of the additional task of managing the huge agency establishment in McLean, Va., and would be untained by institutional loyalties.

The proposal has strong support from Vice President-elect Walter F. Mondale, who was a member of the Senate Select Committee on Intelligence until last summer and is now advising Mr. Carter on intelligence policy.

The Select Committee recommended the division of responsibilities in its final report last spring, and the chairman of the successor committee, Senator Daniel K. Inouye, Democrat of Hawaii, also favors it.

In an interview recently, Senator Inouye said he felt that "one of the weaknesses of the present system is that the Director of Central Intelligence is in charge of C.I.A."

Military-Civilian Balance

The possibility of splitting the functions raises another issue—the balancing of civilian and military espionage operations.

The military branches of the intelligence community receive more than 80 percent of the roughly $4 billion budgeted annually for all United States intelligence efforts, principally for the photo reconnaissance and radio signals interception technology used to monitor potential adversaries.

This military preponderance (the Central Intelligence Agency is allocated less than $800 million of the total) has usually been offset by the political influence enjoyed by the Director of Central Intelligence, a civilian.

There has always been rivalry between civilian and military intelligence branches, often fierce and often involving funds.

"In the view of William G. Hyland, President Ford's Deputy Assistant for National Security Affairs, the budget rivalry could become more intense because "the fat days are definitely over" in the intelligence field. "From here on out, it'll be tight budgets," he added.

Implies Rein on C.I.A.

His implication, it appeared, was that the C.I.A. would no longer have a free hand to indulge in such high-priced experiments as the raising of a Soviet submarine hulk from the floor of the Pacific in 1974 at a reported cost of $500 million.

There is concern throughout the intelligence community, however, that still more reorganization and budget cuts might stifle the creative impulses in what had been a rather free-wheeling group of innovators.

Mr. Ford attempted to cope with the budget allocation issue in his Executive Order 11905 last February, which established a new Committee on Foreign Intelligence, consisting of the heads of the C.I.A. and the Defense Intelligence Agency and the deputy assistant for national

T
out
telli
issu
Sec
fair
ber

B
mit
er's
res
dire
by
et r
V
the
hav
dis
con
tior
wa
by
con

Under Mr. Bush, the C.I.A. has sought to meet the pressure for organizational change, including the threatened split of director functions, with some shifts at the top.

He appointed Daniel Murphy, a four-star admiral, as his deputy for intelligence community affairs to supervise liaison with the Defense Intelligence Services, the National Security Agency, the Federal Bureau of Investigation, and the intelligence operations of the Treasury and State Departments and the Energy Research and Development Administration.

His other deputy, Erno Henry Koche, oversees the daily operations of the intelligence agency, freeing Mr. Bush for appearances before Congressional oversight committees, reports to the President and other aspects of his responsibility.

The arrangement is apparently functioning to the satisfaction of all the intelligence agencies, to judge from interviews across the community. In addition, despite their short tenure, Mr. Bush, Admiral Murphy and Mr. Knoche have received plaudits from current and retired intelligence officers and from Mr. Carter.

However, nobody in Washington, including David Aaron, the President-elect's own transition team chief for national security, knows at this point exactly how Mr. Carter intends to align the intelligence community in his administration.

Briefed on Covert Operations

The President-elect was described by C.I.A. officials who briefed him last month as "fascinated on covert action" operations of the agency—the agency's sorest flank during 18 months of Senate and House investigations in 1975 and 1976.

WASHINGTON POST
25 NOVEMBER 1976

Bush Quits CIA Post

By George Lardner Jr.
Washington Post Staff Writer

George Bush announced yesterday that he will step down as head of the Central Intelligence Agency Jan. 20 when Jimmy Carter is sworn in as President.

The 52-year-old Bush, a former Texas congressman and once Republican national chairman, promised "continuing full assistance" to President-elect Carter during the transition period prior to Inauguration Day.

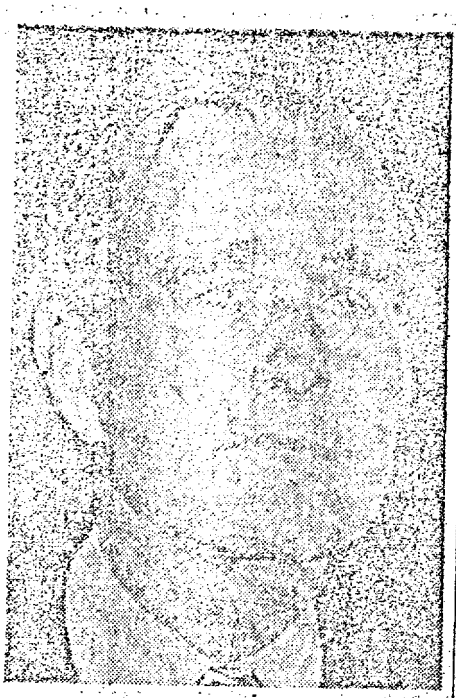
Bush gave no indication of his future plans. The CIA director's three-sentence announcement added only that he had informed President Ford and Carter of his decision.

Bush's impending departure was announced just five days after a lengthy, six-hour meeting with Carter in Plains, Ga., to brief the President-elect on the agency's secrets, sources and methods.

The meeting had evidently gone so well it led to speculation that Bush might have been encouraged to remain as CIA chief. A CIA spokesman indicated yesterday, however, that Bush notified the former Georgia governor then, and perhaps even earlier, of his plans to leave.

Carter has given no hint of whom he might name as a successor to Bush, but the CIA director's Jan. 20 timetable would mean that the CIA will be headed, for several weeks at least, by an acting director. The Senate must confirm appointment of a permanent director.

Under the terms of President Ford's executive order restructuring the embattled intelligence community last February, Bush has delegated much of the daily responsibility for running the CIA to his deputy director, E. Henry Knoche, a 23-year agency veteran steeped in intelligence analysis.



GEORGE BUSH
. . . resignation effective Jan. 20

The provision was designed to give Bush more time to devote to his role of supervising the entire U.S. intelligence community as director of central intelligence (DCI).

After an 18-month investigation of CIA misdeeds, the Senate intelligence committee recommended last April that the two jobs be split up by statute, removing the DCI from direct management of the CIA so that there could be no conflict of interest with his broader responsibility and at the same time increasing the accountability of the CIA by giving it a director with no other duties.

A gregarious, amiable Republican loyalist, Bush had been ambassador to the United Nations in 1971-72, and then took over as GOP national chairman from Kansas Sen. Bob Dole just as the Watergate scandal was unraveling. He was serving as head of the U.S. Liaison Mission to the People's Republic of China last year when Ford abruptly dismissed CIA Director William Colby and nominated Bush as his successor.

The Texan's partisan credentials stirred fierce Democratic opposition in the Senate, particularly when President Ford declined to rule Bush out as a possible vice presidential running mate. The nomination was cleared by the Senate Armed Services Committee last December only after Ford relented in a letter to Chairman John C. Stennis (D-Miss.).

Bush, who acknowledged that he hoped to return to political life one day, took over the CIA last January after a 64-to-27 confirmation vote on the Senate floor. Faced with the task of rebuilding confidence in the agency, he declared at his swearing-in ceremony that "no politics, no policy bias" would color its collective judgment.

Despite the initial misgivings, Senate sources said yesterday that Bush was considered to have done a remarkable job in taking charge at the CIA and working well with Congress. "He allayed a lot of Democratic apprehensions," one source said. "Generally, he got good marks."

Except for the creation of a permanent Senate oversight committee, the legislative reforms recommended as a result of congressional investigations of the past two years have yet to be acted upon.

The CIA, meanwhile, is hoping to reduce the number of House and Senate committees to whom it must report "in timely fashion" its covert operations. By September, Bush was saying publicly that he felt the CIA had "weathered the storm" of congressional investigation.

NEWS (WASHINGTON & JEFFERSON)
NOVEMBER 1976

STAT

CIA Mission Described by Knoche in Homecoming Talk

"Our country faces tough problems around the world—overpopulation and underproduction in many areas; nuclear proliferation; international terrorism; imbalances between rich and poor countries; the exploitation of hitherto inaccessible riches in the oceans. We must have a systematic knowledge of these complex subjects and an understanding of the intentions of other nations. To do our job well we must have the understanding and support of the American people. We are—all of us—committed to the same goal: making sure that America in the Tricentennial continues to be free, democratic, and dedicated to preserving the peace.

"We have every confidence this will be so. We will do our share."

Thus E. Henry Knoche, '46, Deputy Director of the Central Intelligence Agency (CIA), summarized his agency's position in a speech delivered at the Homecoming Dinner of Washington and Jefferson College on October 9.

Speaking to an audience of more than 200 alumni, faculty and friends of the college, Knoche discussed the role of intelligence in the world today—and the work of the CIA in our government.

He said that until recently, the American people knew little about their intelligence agencies. "But today we in intelligence want the American people to know what intelligence is—and what it is not, and to understand its vital role in insuring our nation's security," he said.

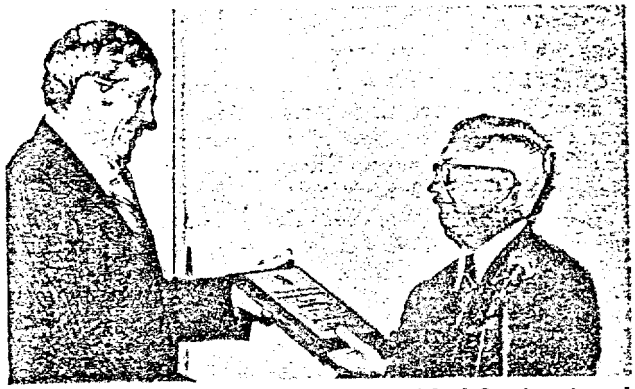
Knoche pointed out that our country cannot afford to be blind or deaf to the preparations of potential enemies. "Our government needs solid facts and judgments on which to base its policies and plans if it is to remain strong and free," he said.

Knoche described the evaluation, or analysis, of the great many pieces of information obtained by the agency. He said the intelligence judgments which are turned out are produced objectively and are not altered to suit government policy.

"The end goal of our analytical work is the timely, clear, and rapid presentation of our products to the policymakers," Knoche pointed out.

Commenting on the "battering our Agency took last year," Knoche said, "I hope the American people never come to believe unfounded allegations simply because they have appeared in print or because they have been repeated so often. That sort of technique works in closed societies. We must not allow it to work here.

"Let me make this statement loud and clear," he continued. "We do not condone abuses. We will not call upon secrecy to hide failures or wrongs in our past. As a matter of fact, it was we in the CIA who uncovered the questionable activities of the past. And corrections were made internally three years ago—long before the investigations got under way."



President Burnett presents the Distinguished Service Award to E. Henry Knoche, '46, one-time W & J basketball star and now Deputy Director of the CIA.

The Deputy Director pointed out the need of responsibility in the intelligence service, then added that America's treatment of that service and its necessary secrets must also be responsible. He said senseless exposure of true intelligence secrets can cause great damage.

"It is time for you as Americans to ask yourselves whether it is in your interests—America's interests—to expose intelligence secrets and activities that are valid, yes—even critically important—and that have nothing to do with abuses," he said.

Knoche refuted charges which have been heard against the intelligence community.

"You have heard a lot about intelligence failures," he said. "You have been told that the American taxpayer is not getting his money's worth for his intelligence dollar. You have been told that American intelligence cannot warn of imminent attack.

"That just plain isn't true. America has good intelligence. America is safe from sneak attack. And the intelligence record is studded with success after success," he continued.

The Deputy Director described American intelligence work in spotting the Soviet nuclear missiles in Cuba in 1962, in giving seven years' warning on development of Russian anti-ballistic missile systems, of learning the status and design of Soviet aircraft carriers well before they put to sea.

He also pointed to intelligence successes in monitoring and predicting trends in oil prices and the flow of petrodollars; in warning of imminent danger of war between two nations friendly to the U. S.; and of assessing world crop prospects.

"We may not predict the given day or hour of a particular coup or revolution—but precise predictions are not the main mission of intelligence," Knoche told his audience. "Our main job is to give this country's leaders the deepest possible understanding of the military, political, social, and economic climate abroad where vital American interests are at stake.

"Our mission is to see that our leaders know what is happening in the world beyond our borders, and about the forces and factors at work there. And we must alert our leaders to what may happen tomorrow. This combination of informing and alerting is what intelligence is really all about.

"Ladies and gentlemen, we do it well."

continued

ARTICLE APPEARED ON PAGE B-1

THE OBSERVER REPORTER (WASHINGTON, PA.)
11 October 1976

Public Understanding Of CIA Called Crucial

By BOB ROBERTSON
Staff Writer

The deputy director of the CIA said in an interview here Saturday he is certain the agency had no part in the assassinations of President John F. Kennedy and the Rev. Martin Luther King.

"I cannot imagine the agency being in any way involved in either of these unfortunate events," commented E. Henry Knoche, who has held the No. 2 post since his appointment by President Ford last April.

Knoche, a 1947 graduate of Washington and Jefferson College where he was a standout basketball player, said his opinion is based on an association with agency dating back to 1953.

His comments were in response to a question asking for his assessment of the House Select Committee reopening the investigation of the slayings.

Knoche said the CIA had made full disclosures to the Warren Commission which probed the Kennedy assassination and would cooperate with the new investigation.

"I am not sure anyone will ever construct the precise facts, however," Knoche said of the Kennedy case.

Proving negatives, that the CIA was not involved; that the FBI was not involved, or that Cuba was not involved, is almost impossible, he said.

Knoche was asked about the effect of public disclosures on the CIA.

"One positive effect has been that it has made the subject of intelligence public and demonstrates how it can fit into a constitutional framework."

With the new guidelines imposed by executive order, the agency has improved oversight from the Congress, the executive branch of government and the public, he said.

The understanding of the public is crucial, Knoche said, and his appearance here demonstrates that the agency feels it must be accountable to the public.

The image of intelligence as projected by James Bond's "007" and the "Get Smart" television program has been "all shootem up, violence and reprisal," according to Knoche.

Despite its apparent change in philosophy, Knoche said, "Secrets are vital to our business."

Why the need for secrecy?

"To protect our sources and because of certain state affairs such as battle plans for a war or foreign troubles," he said.

Knoche labeled as "absurdities" charges that the CIA maintains such great secrecy because it does not want bad publicity or that it wants to "keep people in the dark."

As for electronic eavesdropping, Knoche admitted it is a "difficult area." He also acknowledged it is a legitimate concern of the public.

"I assure you there is wisdom in the process by which it is handled," he began, and added, "we are

continued

O-R Photo

HENRY KNOCHE

doing it without turning Washington, D.C. into 'Big Brother.' "

Knoche, a native of Mt. Lebanon, was in town to address the homecoming dinner of W&J College.

In his dinner speech, Knoche described the "unsung part" of intelligence work: "The evaluation or analysis by studious and informed people of a great many pieces of information."

He said the CIA employs social scientists, historians, experts in international relations, economists, engineers, linguists, mathematicians, and specialists in the physical and life sciences.

"The agency can staff a small university from its corps of analysts," he said. "Thirty percent of our specialists have earned a doctorate."

Working with a library of 81,000 titles, the CIA specialists work with the goal of "timely, clear, and rapid presentation" of information to government policymakers.

"America has good intelligence. America is safe from sneak attack," Knoche said. "And the intelligence record is studded with success after suceess.

"American intelligence spotted the Soviet nuclear missiles being delivered to Cuba in 1962; American intelligence gave seven years warning on the development of the Moscow anti-ballistic missile system; we knew the status and design of two Soviet aircraft carriers well before the first one put to sea for trials.

"In addition to these successes related to military developments, we are successfully monitoring and predicting trends in oil prices and the flow of petrodollars; we warned last year of the imminent danger of war between two nations friendly to the U.S.; every year we turn to the task of assessing world crop prospects."

"Our main job is to give this country's leaders the deepest possible understanding of the military, political, social and economic climate abroad where vital American interests are at stake."